



# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

24 December 4, 2012

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Los Angeles County  
Board of Supervisors

December 04, 2012

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The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO AGREEMENT WITH HEALTH  
MANAGEMENT ASSOCIATES FOR CONSULTANT SERVICES  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

Christina Ghaly, M.D.  
Deputy Director, Strategic Planning

## SUBJECT

Request approval to amend the Consultant Services Agreement with Health Management Associates to extend the Agreement term for an additional six months, add deliverables to the scope of work, and increase the County's maximum obligation. The Department of Health Services is also requesting delegated authority to execute future amendments to: a) add additional deliverables and extend the Agreement term contingent upon receipt of, a grant from the Blue Shield of California Foundation, and b) extend the Agreement term for completion of all deliverables, at no additional cost.

## **IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 6 to Consulting Services Agreement No. H-704934 (Agreement) with Health Management Associates (HMA), effective upon Board approval, to: a) extend the Agreement term for the period January 1, 2013 through June 30, 2013, for the continued provision of Consultant Services to the Department of Health Services (DHS or Department), at a cost of \$207,600 for the extended period, and b) increase the County's maximum obligation under the Agreement to \$2,127,806.

2. Delegate authority to the Director, or his designee, to execute a future

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through direct services at DHS facilities  
and through collaboration with  
community and university partners.



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Amendment to the Agreement contingent on DHS's receipt of Blue Shield of California Foundation's (BSCF) \$250,000 grant for the Building an Integrated Safety Net Project (Project), to add Project-specific deliverables, extend the Agreement term to December 31, 2013, to be coterminous with the BSCF grant, and increase the County's maximum obligation by an amount not to exceed the final grant award, subject to prior review and approval by County Counsel, and with notice to the Board and Chief Executive Office (CEO).

3. Delegate authority to the Director, or his designee, to extend the Agreement term for up to six additional months, under the same terms and conditions, for the completion of all deliverables at no additional cost.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the first recommendation will allow the Director to execute an Amendment, substantially similar to Exhibit I, to extend the Agreement term, as it is scheduled to expire December 31, 2012. The extension of this Agreement is needed for HMA to provide ongoing support for DHS in its ambulatory care transformation, and critical to DHS in continuing to restructure the County's health delivery system within the framework of the 1115 Waiver transition to health reform. The extended period of January 1, 2013 through June 30, 2013 will increase the cost by \$207,600 and increase the County's maximum obligation under this Agreement to \$2,127,806.

Under this Amendment, HMA will continue to assist the Department's Ambulatory Care Network (ACN) in three key areas: (1) ACN Finance, including the development of a Finance structure; (2) Health Home application development and submission for both DHS and the Department of Mental Health, including orientation for both departments' staff on program goals and requirements; and (3) special assignments as required for health care reform and organizational support and development at the discretion of the Ambulatory Care Network's CEO or designee.

Approval of the second recommendation will authorize the Director, or his designee, to amend this Agreement in the event DHS is awarded a grant from BSCF for up to \$250,000. DHS recently applied for this grant from BSCF for funding to secure two technical assistance consultants for the project, to ensure that Low-Income Health Program (LIHP) patients will have continuity of care with their physicians and specialists when Medi-Cal expansion and Affordable Care Act implementation occur in 2014. BSCF grant awards will be announced in December 2012 for a one-year grant period commencing on January 1, 2013. This authorization will ensure that DHS is able to commence the one year project on January 1, 2013.

Approval of the third recommendation will provide the Department and HMA reasonable flexibility to ensure all deliverables are completed and accepted, should any unforeseen delays occur.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 1, Operation Effectiveness, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The recommended Amendment to extend the term through June 30, 2013 will increase the maximum obligation by \$207,600, for a total maximum obligation of \$2,127,806.

Funding is included in the DHS FY 2012-13 Final Budget. Successful implementation of ambulatory care restructuring will create the opportunity for significant increased federal revenues under the Waiver's Low Income Health Program (a.k.a., Medicaid Coverage Expansion).

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

### **ACN Transformation**

On December 14, 2010, the Board authorized DHS to submit action items related to the 1115 Waiver to the Board on a standing agenda item designated as A-4. On June 21, 2011, the Board delegated authority to the Director or his designee to execute an agreement with HMA for consultant services to assist DHS with its ambulatory care restructuring and other initiatives to implement the California 1115 Waiver, for the period July 1, 2011 to December 31, 2011. Subsequently, the Board delegated authority to DHS to execute an amendment to this Agreement to extend the term through June 30, 2012, add deliverables, and increase the maximum obligation accordingly. On June 6, 2012, the Board authorized the Director, or his designee, to extend the Agreement term for the period July 1, 2012 through December 31, 2012, for the continued provision of Consultant Services to DHS.

DHS and HMA have made significant progress toward ambulatory care restructuring, and the proposed amendment continues the approach of gradually phasing out HMA's involvement as DHS staff are able to undertake the work. The recommended Amendment addresses the deliverables to be completed by June 30, 2013. ACN anticipates complete phase-out to occur by December 31, 2013.

### **Blue Shield of California Foundation Grant**

In August of 2012, BSCF released a Request for Applications inviting responses from California safety net health care providers working together to improve integration of care delivery to better coordinate care for low-income populations. DHS, with the support of the Community Clinic Association of Los Angeles County (CCALAC) and L.A. Care, submitted a proposal to BSCF for funding to secure two technical assistance consultants. In the event that DHS is awarded the BSCF grant, DHS will retain HMA to serve as consultants to successfully implement all necessary contractual, fiscal, operational and technical support goals required to integrate DHS's specialty healthcare providers with the Health Care LA Independent Physician Association (IPA), by January 1, 2014. HMA will also explore opportunities to strengthen mental health referrals between the IPA and the County, as well as coordinate with regionally-based clinic partnerships to bring them into this network where possible.

The Agreement may be terminated for convenience by the County upon 10 days prior written notice.

County Counsel has approved Exhibit I as to form.

The Consultant service is not a Proposition A Agreement as the services are intermittent and as-needed and therefore, not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201).

## **CONTRACTING PROCESS**

Not applicable.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

DHS has made significant progress in the past year. The ambulatory care team has embarked and accomplished a number of successful initiatives that will improve patient care. Approval of the recommendations will ensure 1) DHS is prepared as health reform evolves, 2) maximize Federal and State funding, and 3) support the progress made by the ambulatory care transformation, which is anticipated to create the opportunity for significant increased federal revenues under the Waiver's Low Income Health Program.

Also, in the event that DHS is awarded the BSCF grant, approval of the recommendations will enable DHS to expediently implement the Project that is intended to ensure that LIHP patients will have continuity of care with their physicians and specialists when Medi-Cal expansion and Affordable Care Act implementation occur in 2014.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:az

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

CONTRACT # H-704934

**CONTRACT BETWEEN  
COUNTY OF LOS ANGELES  
AND  
HEALTH MANAGEMENT ASSOCIATES, INC.  
FOR  
CONSULTING SERVICES**

**AMENDMENT NO. 6**

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2012,

by and between  
"COUNTY"),

COUNTY OF LOS ANGELES (hereafter

and

HEALTH MANAGEMENT ASSOCIATES , INC  
(hereafter "CONTRACTOR" or  
"CONSULTANT"),

**WHEREAS**, reference is made to that certain document entitled "Contract Between County of Los Angeles and Health Management Associates for Consulting Services" dated July 1, 2011 and further identified as Agreement No. H-704934, (hereafter "Agreement" or "Contract"), and any amendments thereto (all hereafter referred to as "Agreement"); and

**WHEREAS**, on June 5, 2012 the County Board of Supervisors authorized the Director of Health Services, or his designee, to execute an amendment to the Agreement to extend the term through December 31, 2012, with additional funding in the amount of \$298,183, for consultant services to continue to assist the Department of Health Services (Department or DHS) with ambulatory care transformation and other initiatives for implementation of the new California 1115 Waiver; and

**WHEREAS**, it is the intent of the parties hereto to amend the Agreement to extend the term through June 30, 2013, increase the County's maximum obligation by the amount of \$207,600, and amend the scope of work to add deliverables due from Contractor during the extended term; and

**WHEREAS**, Agreement provides that changes may be made in the form of a written Amendment which is formally approved and executed by the parties.

**NOW, THEREFORE**, the parties agree as follows:

1. This Amendment shall be effective on \_\_\_\_\_.
2. Paragraph 4.0, TERM OF CONTRACT, shall be deleted in its entirety and replaced with the following:

“4.0 TERM OF CONTRACT

4.1 The term of this Contract shall commence on July 1, 2011, and shall expire on June 30, 2013, subject to COUNTY's right to terminate earlier for convenience, non appropriation of funds, default of CONTRACTOR, substandard performance of CONTRACTOR, non-responsibility of CONTRACTOR, improper consideration given/offered to COUNTY with respect to the award of this Contract, and breach of warranty to maintain compliance with COUNTY's Child Support Compliance Program.

4.2 Notwithstanding provisions of Paragraph 8.1.1, if in the discretion of the County it is determined that Contractor requires additional time to complete any deliverables under the Contract, County Program Manager may extend the Contract term via an administrative amendment for a period not to exceed six (6) months, at no additional cost to the County. All other terms and conditions of this Contract shall remain in effect during such extension period.”

3. The first paragraph of Paragraph 5.0, CONTRACT SUM, shall be deleted in its entirety and replaced with the following new paragraph 5.1:

“5.1 The Maximum Amount of this Contract shall not exceed Nine Hundred Thirty-Five Thousand Nine Dollars (\$935,009) for the period July 1, 2011 through December 31, 2011, Six Hundred Eighty-Two Thousand Three Hundred Three Dollars (\$682,303) for the period January 1, 2012 through June 30, 2012, Two Hundred Ninety-Eight Thousand One Hundred Eighty-Three Dollars (\$298,183) for the period July 1, 2012 through December 31, 2012 and Two Hundred Seven Thousand Six Hundred Dollars (\$207,600) for the period January 1, 2013 through June 30, 2013, for a Total Maximum Amount of Two Million One Hundred Twenty-Seven Thousand Eight Hundred Six Dollars (\$2,127,806) for the entire term of this Contract as set forth in Paragraph 4.0 - Term of Contract, above. Any costs incurred to complete this project in excess of the maximum not-to-exceed cost will be borne by the CONTRACTOR.”

4. Exhibit A-3, Statement of Work, of the Agreement is hereby amended with the addition of Exhibit A-4, “Statement of Work, For the Period January 1, 2013 through June 30, 2013.”
5. Exhibit B-3, “Pricing Schedule”, of the Agreement is hereby amended with the addition of Exhibit B-4, for the Period January 1, 2013 through June 30, 2013.

Except for the changes set forth herein above, the Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS THEREOF, the parties hereto have executed this Amendment No. 6:

COUNTY OF LOS ANGELES

By \_\_\_\_\_

Kathy Hanks  
Director, Contracts and Grants  
Authorized Designee for the Director of Health Services

CONTRACTOR

\_\_\_\_\_

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

APPROVED AS TO FORM:  
BY COUNTY COUNSEL

**Los Angeles County Department of Health Services/  
Health Management Associates (HMA) Contract Extension  
January 1, 2013 to June 30, 2013**

**STATEMENT OF WORK**

**1) Ambulatory Care Network (ACN) Finance**

(Doug Elwell)

- Assistance with development of ACN Finance structure.
- Transition of developed ACN Finance structure to a new ACN CFO and staff.
- Assistance in revenue/cost forecast preparation.
- Assistance with ACN budget preparation.
- Continued development of management reporting and analysis of clinic operations and managed care effectiveness.
- Assistance for FQHC application preparation and conversion.

**2) State/CMS Health Home Application Submission and Development**

(Terry Conway, Kate Lyon, Alicia Smith, Greg Buchert)

- Assist in completion of gaining State of California and Center for Medicare and Medicaid Services approval for Health Home application.
- Provide orientation to staff at DHS and DMH to program goals and requirements.
- Assist with enhancements and changes required to meet the requirements of the 2703 (ACA) application.
- Assist in designation of health home designation within DHS or DMH consistent with requirements of 2703 (ACA) approved State Plan Amendment.
- Support the integration efforts between ACN, and DMH, including shared care planning and care management approach.

**3) Strategic Advice and Planning**

(Terry Conway and Pat Terrell)

- Special assignments as required for health care reform and organizational support and development at the discretion of ACN CEO or designee.



**PRICING SCHEDULE**

(Amended by Amendment No. 6)

**CONTRACT AMOUNT**

The maximum amount of this Contract shall not exceed Two Million One Hundred Twenty-Seven Thousand Eight Hundred Six Dollars (\$2,127,806). The amount of Nine Hundred Thirty-Five Thousand Nine Dollars (\$935,009) is for the period July 1, 2011 through December 31, 2011, Six Hundred Eighty-Two Thousand Three Hundred Three Dollars (\$682,303) is for the period January 1, 2012 through June 30, 2012, and Two Hundred Ninety-Eight Thousand One Hundred Eighty-Three Dollars (\$298,183) is for the period July 1, 2012 through December 31, 2012, and Two Hundred Seven Thousand Six Hundred Dollars (\$207,600). The professional fee for services will be compensated at the rates set forth below. Reimbursable travel expenses shall be limited to the following: airfare, hotel/lodging, automobile rental, other transportation or reimbursable mileage, and meals required to perform the services under this Contract. Reimbursable expenses shall be passed through without mark-up, and all travel-related expenses shall be in accordance with County's Travel Reimbursement Guidelines, Attachment 1, attached hereto and incorporated herein by this reference. Payment for services shall be due and payable following approval by the Contract Manager.

**ACN Project Budget: January 1, 2013 - June 30, 2013**

|               | <b>Labor Hours</b> |             | <b>Travel Hours</b> |             | <b>Travel</b>  | <b>TOTAL</b>     |
|---------------|--------------------|-------------|---------------------|-------------|----------------|------------------|
|               | <b>Hours</b>       | <b>Cost</b> | <b>Hours</b>        | <b>Cost</b> | <b>Expense</b> |                  |
| Terry Conway* | 80                 | \$24,640    | 27                  | \$10,368    | \$5,184        | \$40,192         |
| Greg Buchert  | 100                | \$30,800    | 0                   | 0           | 0              | \$30,800         |
| Doug Elwell   | 200                | \$61,600    | 60                  | \$11,550    | \$9,480        | \$82,630         |
| Kate Lyon     | 52                 | \$16,016    | 20                  | \$3,850     | \$3,160        | \$23,026         |
| Alicia Smith  | 10                 | \$3,080     | 0                   | \$0         | \$0            | \$3,080          |
| Pat Terrell*  | 44                 | 13,552      | 20                  | \$3,850     | \$2,370        | \$19,772         |
| Laura Bustos  | 60                 | \$8,100     | 0                   | \$0         | \$0            | \$8,100          |
| <b>Total</b>  |                    |             |                     |             |                | <b>\$207,600</b> |